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REAL-ESTATE

Costco forecast to be huge magnet for One Daytona. Here's why

**Clayton Park**

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DAYTONA BEACH — The new Costco store in St. Augustine drew a line of more than a thousand people before opening its doors last Wednesday morning.

It's a preview of the scene expected here when the membership warehouse club chain opens its location at One Daytona in 2024.

"It'll be a tremendous draw to One Daytona," said industry insider Mike Mitchener, the former longtime general manager of the rival Sam's Club store in Daytona Beach.

"Once people know Costco's there, they'll be coming from everywhere. Costco is a destination experience, as is Sam's and BJ's (another membership wholesale club chain), but Costco's just got a different swing to it."

Nash Myers, general manager of the Costco store that opened Wednesday in St. Augustine told St. Augustine Record staff photographer Peter Willmott that his company expects to open its planned location in Daytona Beach "in the next year-and-a-half."

Eighteen months from today puts the potential opening of Costco at One Daytona at February 2024.

"We're not committing to that date," said Josh Dahmen, director of investor relations for the Issaquah, Washington-based Costco Wholesale Corp., in a phone interview. "We usually don't commit to an opening date until three to four months before the actual opening."

DESTINATION ONE DAYTONA: Costco plans to add Daytona location announced

LOOKING BACK: Grocery store war heats up in Daytona area

WORK IN PROGRESS: Community still waiting for One Daytona to reach its full potential

Dahmen said the chain's "heaviest opening times are June through October, but in Florida, where the weather is nice all year 'round, it's probably less critical (to open during those months)."

In May, NASCAR, owner of the One Daytona entertainment/retail complex across the street from Daytona International Speedway, announced its signing of Costco to a long-term lease for a 17-acre portion of the center's parking lot directly west of the CMX Cinemas movie theater and north of the parking area for Bass Pro Shops.

Roxanne Ribakoff, president of One Daytona, this past week reiterated NASCAR's previously stated expectation that Costco will break ground on its planned 150,000-square-foot membership warehouse club store here next year with an opening date set for some time in 2024.

"We'll release more details when they become available," she conveyed in a text message.

The Costco at One Daytona will include a members-only gas station and is expected to create 250 new jobs. It will be the chain's first location in the Volusia-Flagler area.

How Costco compares with Sam's, BJ's

In addition to Sam's Club, Volusia County is home to a BJ's Wholesale Club store that opened in 2013 in Port Orange.

Costco, Sam's Club and BJ's are similar in that all three charge annual membership fees for the privilege of buying groceries and other goods in bulk at generally lower prices than what customers pay at traditional grocery chains.

"While there are certainly some differences among the offerings at Costco Wholesale, Sam's Club and BJ's Wholesale Club, they're similar enough that geography could be the most important factor in selecting which club to join," according to an article published by AARP.

Retail expert Kristen Gall, president of Rakuten Rewards, told AARP, "Location is probably the most important thing. Go with the one that's easiest to get in and out of."

That said, a number of national consumer shopping advice websites give the overall edge to Costco in head-to-head comparisons of the three membership wholesale club chains.

"Although the warehouse clubs are like three favorite children, Costco is the best," wrote Clark Howard, an Atlanta, Georgia-based consumer expert who hosts a podcast called "The Clark Howard Show." He also posts reviews and commentaries on his website clark.com. "The maximum markup in Costco is 14%, except for Kirkland Signature (Costco's private-label brand) at 15%. Those are the lowest markups above cost in retail. Costco also has an unbelievable return policy. And if you buy something that gets cheaper within 30 days of when you purchase it, Costco refunds the difference if you ask."

Mitchener said Sam's Club offers a similar price match guarantee.

Howard's assessment comes despite the fact that Costco's annual membership fees are higher than either Sam's Club or BJ's. A basic membership at Costco costs \$60 a year, compared with \$45 at Sam's and \$55 at BJ's, according to clark.com.

"Costco's membership fees are higher because they're confident of what they offer," said Mitchener, the former Sam's Club manager who today works as an Ormond Beach-based district manager for Ascend Grocery. He oversees nine Save-A-Lot stores that Ascend owns in the north Orlando and Ocala area including two in West Volusia County.

Of Costco, Mitchener said "They're known for their quality of merchandise and quality of service and the proof's in the pudding." He admitted that he personally has a membership card for Costco, even though the chain's closest store is in Altamonte Springs, a 48-mile-drive from Daytona Beach. The new Costco store in St. Augustine is 64 miles to the north, while the chain's Brevard County location Melbourne, which opened in December, is 76 miles to the south.

"If people didn't feel they were getting value from their membership, they wouldn't belong to Costco, but they do in droves," Mitchener said.

In an interview in the early 2000s with a Seattle, Washington-area newspaper called The King County Journal, Jeff Brotman, the late chairman and co-founder of Costco Wholesale Club, explained that his chain's goal was not to offer the cheapest prices, but rather the lowest prices for the best quality goods. He described Costco's role as a curator of the products it carries.

That characterization of Costco holds true today, according to Mitchener.

"In the grocery business, there are three fundamentals that allow you to emerge as the victor," he said. "Number one is service: who has the better service? Number two is who has

the better standards? Whose store is cleaner and has the cleanest restrooms? Number three is value, which is based on a combination of quality and price."

"At Sam's, as a store operator, I didn't have a lot of say in the value aspect," he said. "Service and standards, though, are 100% the store operator's responsibility."

'They do their homework'

As the longtime general manager of the Sam's Club store in Daytona Beach, when it was on Beville Road, Mitchener said he took pride in offering quality service and standards, but said he knew it would be difficult to compete with Costco in terms of value, even though, "I love a good fight."

That knowledge spurred Mitchener a few years ago to successfully convince Walmart, the parent company for Sam's Club, to proceed with its stalled plans to build a new warehouse club store on the property it had under contract at Tomoka Town Center. The shopping center is on the southeast side of the I-95/LPGA Boulevard interchange, next to Tanger Outlets.

Mitchener said he was informed by a real estate source he trusted that Costco was poised to acquire the site if Walmart let its option to buy the property expire.

The new Sam's Club store and members-only gas station on LPGA Boulevard opened in July 2019, replacing the chain's aging Daytona Beach location on Beville Road. It drew large crowds on opening day and continues to do well today, said Mitchener, who left the company shortly before the store's opening, but continues to monitor the grocery store wars here.

Mitchener said he is convinced Sam's Club's move to the LPGA area temporarily staved off Costco's expansion into Volusia County. Even so, he said he knew it was only be a matter of time before the formidable rival would eventually find a new location here.

"Costco is a very, very good company. They do their homework and they know that a lot of people are moving to this area," he said.

The chain's store at One Daytona will be just three miles southeast of the Daytona Beach Sam's Club. Costco is a destination draw by itself, but choosing that particular location as the site for its Volusia County store could increase its appeal even more, and vice versa, said Mitchener.

"Because of where that store's going to be, people will shop at Costco, put their non-perishable items in their car and walk over and get something to eat at one of the restaurants there or see a movie," he said.

"If I was a betting man, I'd venture to guess that they (the Costco store at One Daytona) will be doing well over \$100 million a year in sales within the first two to three years, maybe even sooner," Mitchener predicted.

That kind of sales volume easily translates to at least 50,000 people a week and even more during the holiday shopping season, he said.

Once Costco breaks ground on its planned store and members-only gas station at One Daytona, it could open within six months, Mitchener guesses.

Ribakoff said the recent announcement of Costco's plans to open a store at One Daytona has sparked interest from other perspective tenants.

"We are having conversations with several national brands and local businesses. At this time, we are not able to disclose these businesses," she wrote in a text message.

One Daytona remains work in progress

One Daytona was developed by NASCAR at a cost of more than \$100 million in 2016 to complement the Speedway by creating a year-round shopping, dining and entertainment destination for locals and visitors alike. The mixed-use center was built with a helping hand from local taxpayers in the form of \$40 million in economic incentives from the county and the city to cover the cost of infrastructure improvements including new roads throughout the complex, as well as utilities.

NASCAR when it announced its plans for One Daytona said it would create thousands of jobs and bring a number of national and regional restaurant and retail brands to the area that would be new to Volusia County. It also pledged to regularly host live music as well as special events.

Today, One Daytona is home to several restaurants including P.F. Chang's, 4 Rivers Smokehouse and Rock Bottom Restaurant & Brewery, as well as stores such as Bass Pro Shops and Guitar Center. It also hosts some live entertainment offerings as well as events such as car shows. But so far the number of jobs still appears to be in the hundreds, not thousands.

NASCAR's efforts to fulfill its promises for One Daytona also suffered a setback when the COVID-19 pandemic hit in early 2020. The temporary state-mandated shutdown of non-essential businesses resulted in the permanent closures of some of the center's restaurants and shops. Most of the vacated storefront spaces have since been replaced with new tenants.

And NASCAR continues to pursue new initiatives to increase One Daytona's appeal.

Construction is set to begin this week on a new 122-unit luxury apartment complex that will be an expansion of the existing 282-unit Icon One Daytona apartments on the east side of the complex. The new \$30 million apartment project is directly east of the Fairfield Inn & Suites and is expected to be completed in 12 months.

The Shoppes at One Daytona on the northwest corner of ISB and Bill France Boulevard, will also be adding a new tenant soon: a gourmet cookie/dessert shop called Crumbl Cookies, which will be located between Painting with a Twist and the Crab Knight restaurant.

One Daytona also recently completed what Ribakoff described as "the first phase of a major transformation of Victory Circle," the open-air plaza in front of The Daytona Marriott Autograph Collection hotel. Victory Circle is also surrounded by several restaurants and includes a fountain and splash area for kids, and also serves as the site for special events such as live music performances and car shows.

Improvements to the plaza so far included the installation of "a rubberized, soft play material in the fountain area, high-quality artificial turf surrounding the rubber material, and new shade umbrellas throughout the circle," Ribakoff wrote in an email. "We are celebrating this first phase of the enhancement project through our free 'Summer in the Circle' concert series."

The live performances are every Friday, from 6 to 9 p.m. through Aug. 19.